



Testimony of

Helvi Sandvik

President

NANA Development Corporation

before the

Committee on Government Reform

U.S. House of Representatives

and

Committee on Small Business

U.S. House of Representatives

regarding

ALASKA NATIVE CORPORATIONS' PARTICIPATION
IN THE SMALL BUSINESS ADMINISTRATION
8(a) PROGRAM

June 21, 2006

Washington, DC

Good afternoon, Chairman Davis, Chairman Manzullo, Ranking Members Waxman and Velasquez, and Members of the Committees on Government Reform and Small Business, and Representative Young. My name is Helvi Sandvik. I am a shareholder of NANA Regional Corporation and President of NANA Development Corporation, the wholly owned business arm of our parent Corporation. I am originally from the 400-person village of Kiana, Alaska, which is located above the Arctic Circle in the Northwest Corner of our State. I appreciate the opportunity to speak with you today on behalf of the 11,200 Inupiaq Eskimo shareholders of NANA Regional Corporation and the over 5,000 employees of NANA Development Corporation.

As the President of NANA Development Corporation, I report to a seven-member Board, elected to oversee our business interests from the 23 member Board of NANA Regional Corporation. Our Board members live in the 11 villages of our Region and are elected by our shareholders. I have the responsibility, the accountability, and the privilege of responding to questions about our business issues and activities for our shareholders and employees.

Today, I hope to provide you with a better understanding of our shareholders and the challenges we face as an Alaska Native Corporation mandated by Congress to provide for the social, cultural, and economic well being of our shareholders. In the 35 years since we were established, we have focused on pursuing and developing business interests that will provide sustainable benefits to current and future generations of NANA shareholders.

In 1996, we began to pursue opportunities available to us under the Small Business Administration's 8(a) Program. We have managed our companies with the understanding that if we are to be successful, we must provide excellent service and value to both our commercial and federal customers. From the beginning, we have leveraged the 8(a) Program as it was intended – which is to grow a sustainable business that can succeed long after the 8(a) benefits are expired.

Finally, I appreciate this opportunity to respond to some of the questions and criticism that have been raised because of our success within the 8(a) Program. I must tell you that we are appalled by several of the stories that have appeared in the press in recent months that we believe to be serious misrepresentation and distortion of the facts.

NANA Regional Corporation is one of the 13 Alaska Native Corporations created by Congress in 1971, under the Alaska Native Claims Settlement Act (ANCSA). When we were first formed, we struggled to identify a corporate structure that would provide a vehicle to generate the economic activity contemplated by Congress to allow Alaska Native to continue to survive. NANA Development Corporation (NDC) was established in 1974 and is headquartered in Anchorage, the business center of our State. NANA Development is NANA's business arm, overseeing all NANA business activity, cultivating developmental opportunities for NANA shareholders, and generating income necessary to fulfill NANA's mission and commitments. NANA's financial strength comes from the companies we own and the corporate philosophy by which we conduct

our business. Over time, we have developed a diversified group of businesses, organized along five primary business lines. First, are our professional services companies, which include a wide range of architectural, engineering, design services, project management services, and major facilities management. Second are those involved with lodging, hotel management, and food services. Third are those companies focused on oilfield and mining support. Fourth, are the businesses focused on the development of natural resources located on our lands, and, our fifth business line is contracting services, which is the focus of today's hearing.

NANA's *Vision* is to be a respected, profitable, multi-billion dollar corporation. Our *Mission* is to improve the quality of life of our people by maximizing economic growth, protecting and enhancing our lands, and promoting healthy communities. To achieve our Vision and Mission, we must always strive to be respected for our business acumen, service delivery, and value to our customers, while maintaining our commitment to our shareholders.

ANCSA

To place our vision and our current operations in context, it is important to step back for a moment to focus on just a few highlights of our recent history.

Following Statehood in 1959, in 1966, Alaska Natives formed the Alaska Federation of Natives (AFN) to pursue Native land claims. Soon thereafter, oil was discovered on Alaska's North Slope. With this discovery came the compelling need to settle the land claims. Both Congress and the Alaska Natives rejected the reservation system of the Lower 48 as a model for settlement and instead developed an original and untested model of for-profit corporations. Recognizing, however, the unique circumstances of the Alaska Natives, Congress modified the traditional for-profit, corporate model, and created corporations that have not only economic obligations to their shareholders, but also broader social and cultural obligations.

The Alaska Native Claims Settlement Act was signed into law on December 18, 1971. ANCSA divided the State into 12 geographic regions whose boundaries roughly approximated the areas used by the various Native groups in the State. (A 13th Regional Corporation, which had no land entitlement rights, was formed for those Alaska Natives residing outside the State of Alaska.) Alaska Natives who were alive on the date of ANCSA enactment were given the opportunity to enroll in the Regional Corporation for the area in which they lived. Additionally, those Natives who were living in a village were entitled to enroll in the Village Corporation for that village.

Thus, from ANCSA, we have the NANA region, approximately 38,000 square miles of the Northwest Arctic region of Alaska. Over 60 percent of the lands within the NANA Region are owned by the federal government in conservation system units created under the Alaska National Interest Lands Conservation Act. The existence of these conservation units substantially limit the opportunity to pursue many economic development opportunities that might otherwise be available to us.

The majority of NANA's 11,200 shareholders live in the 11 Villages in our Region. There are no roads connecting our villages to one another, or to the rest of the state, or Lower 48 states. Our communities are only accessible by air year round, with most villages having a 3,500 ft. gravel runway. In the summer months, some, but not all, are able to receive barge service, and in the winter months we use snowmachines as our primary means of access. Three of our villages do not yet have running water, and as you might imagine, because we are so remote, transportation costs are horrendous. The cost of gasoline and fuel oil in some of our villages is now as high as \$8 per gallon.

The way ANCSA was written originally, you had to be born by 1971 to be enrolled in an Alaska Native Corporation. NANA had approximately 4,400 shareholders as a result of the initial ANCSA enrollment. However, we are tribal in nature, and NANA believes it is vitally important to include children born after 1971 in the Corporation. In the early 1990s, NANA took advantage of an amendment to ANCSA to enroll its children, which now adds about 200-250 shareholders per year.

As I mentioned earlier, most of our shareholders still live in the region. Over the years, however, many have moved elsewhere, primarily to pursue employment opportunities that didn't exist in our Region. Our culture is alive and strong! The traditional subsistence lifestyle that sustained our ancestors, sustains us today, and is critical to maintaining our cultural identity. Yet, in today's world, and the world we know we will face tomorrow, we must also adapt to develop success in the business world if we are to survive in the future.

While NANA's business ventures are relatively new, just over a generation old, as my business card notes, we have been doing business in Alaska for 10,000 years. Through the years we have carried with us Core Principles of honesty, integrity, commitment, dignity, and respect. Our Inupiat values are central to who we are and how we conduct business.

Today, NANA's diverse operations stretch from the Arctic Circle to Antarctica, from the continental United States to the South Pacific. Our sole purpose is to provide for the economic, social, and cultural well being of our owners – the Inupiat people of Northwest Alaska. We are committed to creating job opportunities for our shareholders and to becoming that multi-billion dollar corporation.

Before focusing on the core issues of this hearing, I would like to note that I have been joined today by one of our Board Members, Dood Lincoln of Kotzebue, and several young men and women from the NANA region. These young people are some of our summer college interns working in our government contracting companies. These shareholders are our future. They come from the 3,000-person village of Kotzebue and the 400-person village of Kiana. They are learning our business operations and how to be successful in the business world. With that experience and their college educations, we're growing a new generation of owner-business leaders in the NANA family. We are fortunate that as we have grown as a company, we are now able to provide more

employment opportunities for our shareholders to take advantage of – this is truly the key to achieving economic independence. So, as we discuss the current and future state of the ANC 8(a) Program, please remember these terrific young people, NANA's future.

In the past several months, and during the recent GAO assessment of Alaska Native Corporation participation in the 8(a) program, questions have been raised regarding the benefits that we, as Corporations, are providing to our shareholders.

Benefits

The sole purpose of NANA is to provide benefits to its shareholders. Those benefits take many forms. As a for-profit corporation, NANA pays annual cash dividends to its shareholders. Since NANA was formed, it has paid close to 100 percent of its profits to its shareholders in the form of dividends. In FY 2005, NANA paid nearly \$5 Million in dividends (50 percent of our net income), distributing \$3.81 a share up from the \$2.00 per share that we were able to distribute the previous year.

It is important to note that cash dividends are but a small part of the overall benefits NANA provides to its shareholders. Unlike most businesses, NANA spends part of its annual operating income to directly provide for social and cultural services for its shareholders. In FY2005, \$1.8 Million was spent for these services. NANA also manages the lands it received under ANCSA. The primary use of our lands is for the traditional subsistence hunting, fishing, and gathering activities that are critical to maintain our cultural identity. We are blessed that developable natural resources exist on some of our lands.

NANA is owner of the land that hosts a large zinc deposit that we have been able to develop in an Operating Agreement with Teck Cominco, a Canadian mining company. It is our responsibility to oversee the mine's development to ensure that the mine does not compromise subsistence or endanger any subsistence resources. This is one of the few economic development opportunities that we have been able to pursue in a geographical area that, as I mentioned earlier, has been restricted to development because of the many conservation units that were established under the Alaska National Interest Lands Conservation Act.

NANA also administers programs that help increase job skills, provide internships, award direct scholarships, pay college tuition, assist with other scholarship applications, and develop leadership and mentoring programs. NANA contributes \$650,000 annually to the Aqqaluk Trust, a non-profit trust established by NANA to encourage educational advancement and cultural preservation. Through our contributions, our Educational Endowment fund has grown to \$2.6 million, and this past year the Trust distributed over \$366,000 in scholarships to 300 students pursuing higher education and vocational training. This year over 60 NANA shareholders are college interns or summer hires working for our companies, and 21 are assigned to NANA's contracting subsidiaries. This spring we launched a business orientation program for high school students, giving them early exposure to employment opportunities with the

expectation that this will help them decide on the educational path that will lead to the career that suits their interest.

These types of programs are encouraged and embraced throughout our company. These are our future leaders! The only way they can be successful is to get the actual experience doing the work that we are doing for the government. We are making real progress!

NANA also funds social and cultural programs provided by non-profit organizations, like the Aqqaluk Trust, which provides grants to NANA communities for cultural programs and funds and operates a summer culture camp for children.

NANA provides staff resources and funds for NANA region search and rescue operations, health and social service providers, the Regional Elders Council, Tribal Councils, and other Native-involved organizations. We have been working to bring what we learn in our businesses back to our Region.

Since 2004, NANA's 8(a) subsidiaries have been working closely with the villages to form village partnerships. For example, one of NANA's 8(a) subsidiaries, TKC Technology Solutions, has entered into a Village-Company Partnership with the Village of Kiana to enrich cultural understanding and develop economic opportunities in the village. Notably, one initiative that has come from this partnership is the development of a personnel locator system that will save lives in times of the harshest weather or unfortunate accidents. Our NANA shareholder interns spearheaded this initiative that uses a hand-held personal locator beacon for shareholders to take with them when out in remote areas. When activated, its signal will be relayed to the Alaska Rescue Coordination Center to a dispatcher in the Northwest Arctic Borough. TKC Tech has provided the beacons and has trained villagers on their use. While vast and beautiful, our environment is harsh and often unforgiving. These beacons will not only save lives, they will also reduce rescue time and thereby reduce the resources needed for rescues.

NANA businesses conduct and participate in career fairs and science fairs, offer internships and mentoring programs, and support other similar programs that benefit Alaska Natives. These are recruitment programs specifically to place shareholders in positions throughout the NANA region, Alaska, and around the globe. The NANA Human Resources department is focused on helping our shareholders become employed, either within our company, or with any other job opportunity that might be available.

In 2005, 770 shareholders worked either directly for NANA companies or for one of our partners, resulting in nearly \$27 Million in wages to shareholders. Stated differently, 13 percent of all shareholders between the ages of 18 and 64 have jobs with NANA and associated companies. Currently, at our zinc mine, 57 percent of the workforce are NANA shareholders. All NANA subsidiary companies have a shareholder development plan that includes having a hiring preference for NANA shareholders. Each year, NANA surveys all shareholders over 18 who are looking for work and

actively helps all who replied to identify positions or training programs. The progress of shareholders is tracked as they move through their careers.

One of our challenges is that as we have gotten bigger, a large number of our jobs are located out of state. While we do not have that many shareholders interested in relocating, we are working hard to broaden our shareholders' vistas. Our intern programs create awareness and provide orientation to our young people about working in different locations and in different cultures. We encourage our very experienced adult workers to relocate to gain experience in our operations out of state, and to provide shareholder presence and values in more of our global business locations.

Federal Contracting in Context

As we focus on federal contracting with respect to the ANC 8(a) Program, I believe that we should put the scope of the ANC participation in federal contracting in perspective – something that the GAO Report did not do. For example, the Center for Public Integrity conducted a study of Department of Defense (DoD) contract awards from FY 1998-2003 and found that only 40 percent were conducted under “full and open competition.” No Native American companies were among the top 20 contractors.

In fact, overall, substantially less than half (about 40 percent) of all federal contracts are awarded through traditional “full and open competition,” and the vast majority of those go to large companies. Native companies including ANCs, Tribes from the Lower 48, and Native Hawaiian companies, are awarded only **0.2 percent** of Federal contracts – yet this incredibly small sliver of the federal contracting pie makes a tremendous impact in our Native communities.

Viewed another way, federal contract awards from FY 2001-2003 amounted to a total of \$775.5 Billion in awards. Of that, only \$23.9 Billion – **or 3 percent** – was awarded to all 8(a) companies, and Native Americans received only 0.2 percent of all federal contracts. As a total of all 8(a) contract awards, other 8(a) firms received 93.78 percent of awards and Native 8(a) awards were 6.22 percent or about \$1.4 billion.¹

There are two little-understood aspects to the 8(a) Program that I would like to address. First, the 8(a) Program does not give an advantage to an unqualified or under-qualified company. Nor does the Program guarantee a contract. The Program only provides that ANCs and Tribes can be eligible to negotiate a contract. Further, any 8(a) company's participation is limited to a maximum of 9 years, during which there is a required phase-in of competitive non-8(a) work. Thus, the 8(a) program provides an incubation period enabling these companies to enter the marketplace and demonstrate the ability to perform – after which they are on their own.

Second, and regrettably, the 8(a) contracts are often referred to as “sole source.” As often happens, this shorthand doesn't capture the real essence of how the program operates. These procurements are not a “take it or leave it” action. In fact, the process

¹ Native American Contractors Association, based on research conducted by Eagle Eye.

involves the federal government's contracting officer setting forth its requirements and the 8(a) company responding with a detailed cost proposal that outlines specifically what materials, employees, equipment, and other costs are associated with the job. At that point, there is a negotiation between the contracting officer and the 8(a) company about pricing, G&A, and fees. In the end, the costs associated with these negotiated contracts are fully disclosed; there are no surprises for the customer or the contractor. As you know, the same cannot always be said for many other contracts into which the government enters. This negotiation ensures best value for the government. Nor is there any sacrifice in quality. In short, the government's time and money is spent confirming our companies' capabilities up front, rather than analyzing multiple proposals and references after contract terms, conditions, and requirements were published.

As an example, one of our firms spent nine months negotiating with the State Department to take over a contract where a large corporation's performance was declining significantly. Since our company assumed responsibility for the work, every metric used by the State Department to measure productivity has increased by 40 to 50 percent.²

One contracting officer noted that by working with another of our companies that was able to supply critical data and information, the Navy was able to save costs.³

In another instance, a contracting officer used the negotiated award mechanism to quickly replace two failing contracts that had previously been awarded on a fully competitive basis. In this example, the contracts were critical to the war effort and the contracting officers had limited time to ensure continuity of service. Our company's efforts enabled the government to stop expending and wasting funds on inadequate service delivery and move forward with service delivery for the Global War on Terrorism.

Similarly, on one contract, one of our companies achieved a 14 percent reduction in costs from the previous contractor and in a second instance saved approximately 22 percent, as well as providing increased services.⁴

Our companies regularly receive the highest accolades for their efforts on behalf of government clients. For example, "The well deserved recognition is the direct result of Akima's dedication and unrivaled commitment to outstanding customer service. Their unselfish efforts have greatly enhanced the quality of life for the entire Grand Forks community. I am proud to have such outstanding individuals under my command."⁵

Similarly, another company received the SBA's Administrator's Award for Excellence. The transmittal letter noted, "Although any small business that provides good and services for the Government, as either a prime or subcontractor, is eligible to be

² Nakuuruq report

³ CPRA re: contract N6523601D3821

⁴ TKC Communications report

⁵ Statement by Lieutenant General John B. Sams Jr. (AMC).

nominated for this award, only a select few firms actually receive these awards. Your firm truly is among the ‘best of the best.’”⁶

Finally, in one assessment of our work, it was written, “The Contractor’s service has significantly exceeded the Government’s expectations. Personnel assigned to efforts under these tasks were very knowledgeable, able to adapt to every aspect of the task, work directly with the customer and . . . demonstrated a high level of expertise.”

There are several anecdotal points raised in the GAO report that require a comment. The first concerns the perception that the ANC’s are somehow just a “sham” owner and that the companies are run by “outside executives” who earn exorbitant salaries. In point of fact, as President of NANA Development Corporation, my job is to ensure we have the best possible, experienced leadership running our companies. They are paid fairly, with salaries and benefits on par with their counterparts in similar positions in other federal contracting companies. For our businesses to be successful and maximize a profit to our shareholders, I must ensure that we have the best possible executives. Somehow, the GAO Report suggests that offering a competitive benefits package for our managers is inappropriate.

More importantly, however, what was mentioned only in passing in the GAO report is the extent to which these executives are accountable to their Boards of Directors, which include shareholders. NANA has an established oversight process where each of the NANA government contracting companies report quarterly to their boards. Regular NANA subsidiary board meetings and business reviews examine contract status and SBA regulation compliance. In short, the businesses are regularly and carefully overseen by our shareholders.

In his statement to shareholders at our Annual Meeting this past March, NANA Development Corporation Board Chairman, Luke Sampson, said, “Our NDC Board is active in all of our business subsidiaries. They serve on the individual business boards and do an outstanding job of making sure our businesses are run right.... We have a good team. We have hired talented, skilled people – experts in the type of work we do, to help us reach our goals. And they are helping us, by sharing their skills with us, to teach us to be good hunters in the business world.”

The second concern often voiced is that our companies are “fronts” for larger government contractors. NANA, like all ANCs, Tribes, and Native Hawaiian Organizations operating under the 8(a) Program, must perform not less than 51 percent of service contract work (15-25 percent for construction). ANCs have the ability to create joint ventures and partnerships, but all these relationships are subject to the formal review, approval, and monitoring of the Small Business Administration. In fact, we recently reviewed the partnering activities of several of our companies and determined

⁶ Letter dated May 31, 2006 from Robert S. Paccione, Area VI Director, Office of Government Contracting, U.S. Small Business Administration to the Robert Malkowski, President, TKC Technology Solutions.

that we do not have any joint venture or mentor-protégé arrangement at the present time involving large businesses.

Like all contractors, NANA companies subcontract work to other companies, including other minority organization, 8(a) businesses as well as large corporations. This same review determined that, at present, we have large businesses as a subcontractor on only 6 percent of our current 8(a) contracts. We are particularly mindful of the many well-qualified minority 8(a) and Tribally owned corporations that have specific qualifications to support our projects. Whenever possible and appropriate, we seek to partner with them. For example, one of our firms, TKC Communications, entered into a Mentor-Protégé agreement with the Miami Tribe of Oklahoma's business services group, Miami Nations Enterprises (MNE). We have provided MNE with management training, proposal support consultations, business development and teaming opportunities, federal schedule filings, and other similar support.

In determining how we will deliver against customer expectations and build the right team to solve the particular problem being addressed, we seek partners that share our values and share our approach to business. In the past, we have walked away from opportunities because we did not have the ability to perform and because we could not find a partner with the required skills that matched our values and approach. In business, if we are the prime, we do not yield to our subcontractors and do not relinquish the accountability or responsibility for customer satisfaction, management, and effective execution to any of our partners.

Best Value/Negotiated Sole Source

I read some news accounts about the GAO Report that suggest that contracting with Alaska Native Corporations some how drives costs up. As I noted earlier, nothing could be further from the truth. Government contracting officers are required to provide a cost-effectiveness determination if they are going to award a contract via a negotiated process, whether it is with an ANC or any other contractor. The 8(a) Program is not the only program where negotiated or sole source contracting takes place with the federal government. ANCs participating in the 8(a) program are held to the exact same standards as all other contractors in demonstrating financial competitiveness and performance capabilities.

In fact, there are many examples where having a negotiated sole source contract saves the government money. One of NANA's companies notes that their contracting office estimated that the government saved approximately \$224,000 on in-house labor and six months on the acquisition process because they were able to enter into a contract with an ANC 8(a) firm.⁷

Another of our government contracting firms entered into a contract with the NASA Glenn Research Center in Ohio. The contract was phased in over only nine days. Our company was able to save NASA over \$400,000 during the first two years, as well as

⁷ Ki, LLC contract with the Fort Carson Directorate of Logistics, October 1, 2005.

implement an improved safety program, which saved NASA money and reduced on-the-job accidents (based on prior years' records). Ultimately, our company was selected as the 2003 Safety Contractor of the year at this site.⁸

One contracting officer's official comments as part of a Contractor Performance Assessment Report noted, "(your) technicians ... result(ed) in saving SPAWAR [the Navy's contracting agent] hundreds of thousands of dollars it would have cost to have a vendor provide the same product and service."⁹

GAO Report

When it was first made known to us that the Government Accountability Office would be looking into the ANC's use of the Small Business Administration 8(a) Program, my reaction was, "Great. We have a wonderful story to tell." I was confident that the GAO would find that the ANC's had operated with responsibility and integrity in the execution of their contracts with the federal government.

After much thorough investigation, that is exactly what the GAO found. The Report did not cite any waste, fraud, or abuse on the part of ANC's. The GAO noted that the SBA and federal contracting officers are understaffed and stretched thin, and that as a result, there could be a "potential" for problems. We agree that as a result of their staffing issues, there is likely very little time for training and oversight. From our experience, the SBA has been extremely helpful to us as an advisor, overseer, auditor, and consultant – helping us to understand the program, use the program as it was intended to be used, and helping us to grow sustainable businesses after our 8(a) Program life has expired.

We would welcome more resources for the SBA and federal contracting departments. I know from first-hand experience, as well as from briefings from all the NANA Development Corporation executives, that the SBA officials we work with, particularly those in Anchorage, are first-rate stewards of the program. They are, in my opinion, short-staffed. No less important to our success are the federal contracting officials around the country. They are dedicated and fine people. However, there are too few of them.

As has been well documented in the legions of GAO reports, hearings, and news stories, problems associated with all federal government contracting are well known. The situations described in the GAO report examining contracting with ANC's, which were explained predominantly with anecdotes and vignettes, are equally applicable to any aspect of the federal contracting domain. Thus, while this spotlight is focused on the ANC's, we respectfully suggest that Congress examine this specific, very small segment of the contracting landscape in the context of the whole. There is much about federal contracting processes overall that need addressing, and it should be addressed with respect to all government contractors, not just the ANC's.

⁸ Akima report

⁹ CPARS re: Contract N6523601D5843

If, at any time, the SBA decides to proceed with changing the regulations that govern the administration and use of the 8(a) Program, with all due respect, I would like to restate one obvious point. Although we have focused on the Alaska Native Corporations and their involvement in the 8(a) Program, this program affects not only the ANCs, but other Native peoples, the Tribes of the Lower 48, as well as Hawaiian Natives. In that respect, it is therefore incumbent for the SBA to engage in a full, open, and thorough consultative process with all of the indigenous Americans as is our right.

If changes to the regulations are being considered, I would offer the following comment. At the present time, the 8(a) Program regulations do treat the ANCs differently than the Tribes of the Lower 48. My opinion is that it is appropriate to create a single standard that would apply to both. I would recommend that the Tribes of the Lower 48 be included in the standards that now apply to ANCs.

It has been pointed out regularly that one of the main differences between the traditional 8(a) Program and the one in which the ANCs participate is the lack of a contract specific cap. There is, however, a very significant distinction between a traditional, individually owned 8(a) company and an ANC-owned 8(a) company. In an individually owned 8(a), the profits and benefits most often accrue to the single owner and his family. ANCs, on the other hand, are responsible for providing benefits to an entire community. In NANA's case, that is our 11,200 shareholders.

Put in more concrete terms, if a traditional 8(a) firm were to get a \$3 million dollar contract and a standard profit margin of 5 percent, the value to the single owner is \$150,000. Yet, if our ANC 8(a) firm were to get the same \$3 million project with the same 5 percent profit, the yield to each shareholder would about \$13.15. Or stated another way, for each of our shareholders to realize \$150,000, NANA would need to generate a job that generated \$34.2 billion in revenue.

Conclusion

In conclusion, I would like to restate my central premise. The 8(a) Program for ANCs was created by the Congress for the right reasons. It is working. As demonstrated by the high performance marks we receive from our government and commercial customers and their testimonials, we are providing an excellent value and quality work for our clients. Throughout our organization, we constantly remind our Management Team that it is imperative that we continue our commitment to excellence. When our businesses do well, our NANA shareholders benefit both financially and in myriad other ways, such as benefits for elders, employment assistance, scholarships, burial assistance, support of our subsistence lifestyle, and preservation of our culture.

The 8(a) Program is working as intended. It is prudent to recall, that as far as government programs go, this one is still in its infancy. NANA began with its first 8(a) work only a decade ago. It would be unwise to retreat from what is the ultimate "win/win." The government is getting an excellent value in our work. Our companies

are using the 9-year window of the 8(a) Program to learn the business, establish relationships, build a record of success, and get ready to launch as fully competitive companies. And, what will always be central to our involvement, our Native shareholders continue to use the profits for the betterment of our lives, the preservation of our 10,000-year-old culture, and to prepare for our future in the modern world.

The participation of America's indigenous people in the 8(a) Program is part of the federal government's fiduciary responsibility to provide for a sustainable Native economy as required by treaties, the Constitution, statutes, and court rulings. Firms participating in the 8(a) Program should not be held up to special scrutiny or criticism because the 8(a) Program is working as intended – providing business opportunities that pay dividends, provide scholarships, cultural program support, social services, and job opportunities for Native shareholders. As the Congress looks to the future and this federal contracting program, I hope and trust that you will examine all federal contracting with the same degree of scrutiny. I also hope that you will find, as the GAO did here, that the programs are operating without problems – and that only the “potential” for waste, fraud, and abuse are present. Please do not hold those of us working successfully in the ANC 8(a) Program to a standard higher than any other federal contractor – large or small.

Thank you for inviting me to testify today about NANA and the success of the 8(a) Program. I will be pleased to answer any questions you may have.

Thank You